

Message Text

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ACTION AGRE-00

INFO OCT-01 EA-12 ISO-00 CIAE-00 COME-00 EB-08 INR-10

LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-01 OMB-01

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R 230210Z FEB 78

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 6520

UNCLAS TAIPEI 1077

E.O. 11652: N/A

TAGS: ETRD, TW

SUBJECT: COTTON CONTRACTS

REF : (A) STATE 025168 (B) TAIPEI 531

DURING VISIT OF TEXTILE NEGOTIATING TEAM TO TAIPEI IN JANUARY STR AND STATE MEMBERS OF TEAM, ACCOMPANIED BY AGATT, MET WITH BOARD OF FOREIGN TRADE (BOFT) TO DISCUSS COTTON CONTRACT PROBLEM. BOFT AGREED THAT IT WOULD ASK TAIWAN COTTON SPINNERS ASSOCIATION TO SUBMIT STATUS REPORT. THAT REPORT HAS NOW BEEN RECEIVED AND TRANSLATED AND IS HERewith SUBMITTED: QUOTE. TO: OFFICE OF AGRICULTURAL ATTACHE. (67) 3 FA TZE NO. 2982. DATED: FEB. 3, 1978. FROM: BOARD OF FOREIGN TRADE. SUBJ: REGARDING THE OVERDUE L/C'S COVERING THE PERIOD APRIL 1977 THROUGH OCTOBER 1978 AND REQUESTING YOUR TRANSMITTAL TO MR. SMITH AND ACSA.

EXPLANATION: 1. ON NOVEMBER 28, 1977 ACSA SUPPLIED THIS BOARD WITH A LIST OF COTTON MILLS COVERING A TOTAL OF OVER 490,000 BALES OF COTTON FOR WHICH L/C'S ARE OVERDUE AND AFTER INVESTIGATION BY TAIWAN COTTON SPINNERS ASSOCIATION, AS OF JANUARY 26, 1978, THE RESULTS FOUND ARE AS FOLLOWS: (SEE ATTACHED)

A. SHIPMENTS SCHEDULED FEBRUARY - OCTOBER, 1978 PERIOD; ABOUT 288,000 BALES, OF WHICH, A TOTAL OF UNCLASSIFIED

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260,665 BALES ARE TRULY OUTSTANDING BUT THE TIME HAS NOT EXPIRED. THE REST ARE: L/C'S ALREADY OPENED, SHIPPERS AGREED TO CANCEL AND THE PARTIES TO CONTRACT ARE NOT OUR MEMBER MILLS.

B. SHIPMENTS DUE APRIL 1977 - JANUARY 1978 PERIOD: TOTAL 204,833 BALES. L/C'S ALREADY OPENED, 102,685 BALES; SHIPPERS AGREED TO CANCEL 8/761; DISPUTES OVER

QUALITY 10,350; MILLS CLAIM NEVER ENTERED INTO A CONTRACT 1,400; PARTIES TO THE CONTRACT ARE NOT MEMBER MILLS 7,200; SHIPPERS AGREED TO POSTPONE 11,188; SHIPPERS AGREED TO REDUCE CONTRACT AMOUNT 1,600; ON CALL NOT FIX PRICE 500 BALES; CONTRACT STIPULATES L/C'S MAY BE OPENED OF END OF MARCH 78, 3,000 BALES.

THE ABOVE TOTALS 146,594 BALES, THEREFORE, THE L/C'S OVERDUE, AS OF JANUARY 26, 1978 AMOUNT TO ONLY ABOUT 50,000 BALES.

2. AS TO THE MILLS LISTED UNDER ATTACHMENT "A" OF ACSA LETTER DATED DECEMBER 20, 1977, IT IS FOUND THAT 4 MILLS (JOICING, HSING JINN, UNION AND YANG MING) WERE BANKRUPT FOR OVER TWO YEARS AND SHIH HO HAS BEEN SUSPENDING ITS OPERATION FOR QUITE SOMETIME.

YUAN LIN IS A NEW MILL AND NEVER VIOLATED A CONTRACT COVERING U.S. COTTON. REGARDING ATTACHMENTS B AND C, TA FENG IS A NEW MILL AND NEVER PURCHASED U.S. COTTON AND ACSA IS REQUESTED TO INVESTIGATE THIS POINT.

FOR THE REST OF THE MILLS, THE TAIWAN COTTON SPINNERS ASSOCIATION IS URGING THEIR MEMBER MILLS TO OPEN L/C'S. (SEE ATTACHMENT 2, EXCEPT TRIPOD, ALL SUCH MILLS ARE INCLUDED IN THE TOTAL COVERING 490,000 BALES.)

3. ABOVE EXPLANATION IS PROVIDED TO CLEAR THE PRESENT SITUATION AND THIS BOARD SHALL CONTINUE TO URGE MILLS TO OPEN L/C'S FOR THOSE OVER DUE.

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H. K. SHAO, ABSENT.

/S/ C.C. LU, DEPUTY DIRECTOR.

ATTACHMENT: A/S. END QUOTE.

2. ATTACHMENT MENTIONED IN MEMORANDUM FROM BOFT CONTAINS NAME OF MILL PURCHASING COTTON, NAME OF SHIPPER AND STATUS EACH CONTRACT. ATTACHMENT IS BEING POUCHED TO EA/ROC FOR DISTRIBUTION TO EB, TO USDA/FAS (WILLIAM DAVIS) AND TO ACSA (EARL BILLINGS).
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